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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000499

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SUBJECT: MA INSIDER TAOYUAN MAGISTRATE ERIC CHU PREDICTS
KEY CABINET POSTS, WARMING CROSS-STRAIT TIES AFTER BO'AO
FORUM

Classified By: AIT Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: Taoyuan Magistrate Eric Chu told the Director privately on April 9 that President-elect Ma Ying-jeou had already chosen his premier (Prof. Liu Chao-hsuan), and the likely candidates for Foreign Minister (David Lee), National Security Adviser (Su Chi), and the head of the Straits Exchange Foundation (P.K. Chiang). Ma decided that sitting legislators, magistrates and mayors, including Chu himself, will not be eligible for cabinet posts until their current terms end. The PRC is indeed eager to begin cross-Straits talks and "normal" cross-Straits relations, Chu argued, as evidenced by PRC President Hu Jintao's decision to meet vice president-elect Vincent Siew at the April 11-13 Bo'ao Forum. Chu claims Hu originally did not plan to attend, but changed his mind after learning Siew would be there. End Summary.

Cabinet Begins to Take Shape

¶2. (C) Director Young met with Taoyuan Magistrate Eric Chu (Li-lun) on April 9. Chu thanked the U.S. for publicly endorsing Taiwan's presidential election as both free and fair, and for encouraging the KMT and DPP to facilitate a second peaceful transfer of power. Chu told the Director that President-elect Ma and the KMT were especially appreciative of the careful and impartial manner in which the U.S. handled questions regarding Ma's "green card." The debate over Ma's green card displaced discussion of the two UN referenda, observed the Director, and perhaps contributed to their defeat. Chu told the Director he was confident all along that the Taiwan people would recognize the referenda as political stunts and reject them.

¶3. (C) Chu told the Director that he, Taichung Mayor Jason Hu (Chih-chiang), and longtime Ma advisor King Pu-tsung met with Ma shortly after the presidential election to lay down ground rules for choosing members of Ma's cabinet. At Ma's insistence, all agreed that sitting legislators, magistrates and mayors (including Chu and Hu) could not join the cabinet until after their current terms had expired. It was decided too that key personal advisers to Ma, including King himself, were not to take official government positions until Ma's second administration.

¶4. (C) Within those parameters, Chu confirmed, Ma chose

Soochow University Prof. Liu Chao-hsuan to become premier. Liu's administrative skills and close personal ties to Vice president-elect Vincent Siew as well as Ma himself distinguish him as a "safe" choice for the premiership. Older party leaders, including former party chairman Lien Chan and current chairman Wu Po-hsiung had favored vice chairman P.K. Chiang (Pin-kung). However, said Chu, at 76 years of age Chiang is simply too old for the position, and, moreover, it is widely known that Chiang and Siew do not work well together. Chu noted that Chiang had also angered Ma by angling for the premiership by creating a press buzz around himself as a potential candidate. Chiang will most likely be chosen to head the Straits Exchange Foundation (SEF). (Note: Chu's remarks confirm what Taipei Deputy Mayor (and Ma insider) Sam Wu told AIT on April 8: that Liu would be named premier, and that Ma does not tolerate campaigning for administration posts. Wu also told AIT that Eric Chu would likely assume the vice premiership after his term as magistrate ends in December 2009. End Note.)

15. (C) For other key policy positions, Chu said Ma will choose longtime advisor, speechwriter and former legislator Su Chi to serve as his National Security Adviser and Secretary-General of the National Security Council (NSC). He

SIPDIS explained that Ma wants all key decisions on foreign policy, cross-Straits relations, and national security go through Su Chi. David Lee, the current Taiwan representative in Ottawa, will most likely be named Foreign Minister, while Washington KMT representative Jason Yuan will likely be chosen to head TECRO-Washington. Current Chief of the General Staff Huo Shou-yeh will be named as Defense Minister. Chu emphasized that Ma's cabinet would be made up of seasoned professionals, most of whom will be known to the U.S. from their previous

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service as vice-ministers in the last KMT administration. 16. (C) Chu said Ma would very much like to find a place within the administration for his longtime mentor and friend, Taichung Mayor Jason Hu. In August, Ma will be required to name new directors for the Control Yuan and Examination Yuan. Both are highly respected positions, and either would be an "ideal" place for Hu to end his political career with dignity, said Chu. Unfortunately, Hu's mayoral term does not end until December 2009. After three years as Foreign Minister, Chu continued, Hu is not interested in another ministerial post, but does not yet want to retire from politics.

President Hu Changes Plans to Meet Siew at Bo'ao

17. (C) Beijing's decision to allow vice president-elect Siew to participate in the Bo'ao forum is an encouraging sign that the PRC leadership is prepared to move forward on cross-Straits relations, the Director observed. Some U.S. observers had worried that Beijing, anxious about Tibet and the Olympics, might hold back. There is more to the story, Chu replied. Originally, National People's Congress Chairman Wu Bangguo was to represent Beijing at this year's forum (Wu and Siew also met at Bo'ao in 2007). According to Chu, when it became clear that Siew would be able to attend this year, PRC President Hu Jintao decided to attend the forum himself, expressly to meet Siew. In response to the Director's question, Chu stated that Siew would not be carrying any special message for Hu from president-elect Ma. Beijing does not harbor any "unrealistic" expectations -- i.e., that Ma would make any overt gestures or unusual proposals on cross-Straits relations. At this juncture, Chu added, Beijing would be satisfied with a return to the normal, "calm" relations that preceded Chen Shui-bian. Siew's visit to Bo'ao is exactly the right gesture to allow Beijing to begin moving in that direction, he added.

Comment

18. (C) Magistrate Chu is not only a close adviser to the president-elect, but also at age 46 one of the most visible and talented members of the KMT's under-50 set. Chu is also of mixed parentage, with a mainland-born father and a Taiwanese mother, meaning he can appeal to both camps. For these reasons, he is a star worth watching.
YOUNG